

GLEN LAKE COMMUNITY SCHOOLS

MAPLE CITY, MICHIGAN

AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2004

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*Lewis & Knopf, CPAs, P.C.*

"Serving You with Trust and Integrity"

July 20, 2004

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Glen Lake Community Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Lake Community Schools as of and for the year ended June 30, 2004, which collectively comprise the Glen Lake Community Schools' basic financial statements as listed in the table of contents. These financial statements are the responsibility of Glen Lake Community Schools management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Glen Lake Community Schools as of June 30, 2004, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2004, on our consideration of the Glen Lake Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1, the School District has implemented a new financial reporting model, as required by the provisions of the *GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of July 1, 2003.

The management's discussion and analysis and budgetary comparison information on pages II through VIII and 17 and 18, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Glen Lake Community Schools' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Lewis & Knopf, P.C.*

LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

GLEN LAKE COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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Glen Lake Community Schools, a K-12 school District located in Leelanau County, Michigan, is in its first year of implementation of the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Glen Lake Community Schools' Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2004.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

**Fund Financial Statements:**

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

**District Wide Financial Statements:**

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

GLEN LAKE COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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**District Wide Financial Statements:** (Continued)

These two statements report the Glen Lake Community Schools net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreased in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

**The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its student activity funds and its private purpose trust funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**SUMMARY OF NET ASSETS:**

The following summarizes the net assets at the fiscal year ended June 30, 2004:

**NET ASSETS SUMMARY**

	<u>2004</u>
<b><u>ASSETS</u></b>	
Current Assets	\$2,515,665
Non-Current Assets	<u>7,196,086</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$9,711,751</u></b>
<b><u>LIABILITIES</u></b>	
Current Liabilities	\$1,220,560
Long-Term Liabilities	<u>6,155,875</u>
Total Liabilities	\$7,376,435
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets - Net of Related Debt	820,427
Restricted - Debt Service	60,331
Unrestricted	<u>1,454,558</u>
Total Net Assets	<b><u>\$2,335,316</u></b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$9,711,751</u></b>

GLEN LAKE COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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**RESULTS OF OPERATIONS:**

For the fiscal year ended June 30, 2004, the District wide results of operations were:

	<u>2004</u>
<b><u>REVENUES</u></b>	
<u>General Revenues:</u>	
Property Taxes Levied for General Operations	\$4,242,065
Property Taxes Levied for Debt Service	549,142
State of Michigan Unrestricted Foundation Aid	1,980,104
Other General Revenues	<u>47,862</u>
Total General Revenues	\$6,819,173
<u>Operating Grants:</u>	
Federal	188,323
State of Michigan	294,209
Other Operating Grants	<u>104,585</u>
Total Operating Grants	\$587,117
<u>Charges for Services:</u>	
Food Service	176,028
Athletics	53,005
Timber Management	121,500
Other Charges for Services	<u>14,538</u>
Total Charges for Services	\$365,071
Total Revenues	\$7,771,361
<b><u>EXPENSES</u></b>	
Instruction & Instructional Support	4,205,005
Support Services	2,415,726
Community Services	4,922
Food Service	246,683
Athletics	271,257
Timber Management	29,162
Bond Issuance Costs	36,432
Interest on Long-Term Debt	168,339
Depreciation	<u>255,590</u>
Total Expenses	\$7,633,116
<b><u>INCREASE IN NET ASSETS</u></b>	\$138,245
<b><u>BEGINNING NET ASSETS</u></b>	<u>2,197,071</u>
<b><u>ENDING NET ASSETS</u></b>	<u><u>\$2,335,316</u></u>

GLEN LAKE COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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**GOVERNMENT- WIDE FINANCIAL ANALYSIS**

Analysis of Financial Position:

During the year ended June 30, 2004, the District's Total Net Assets increased by \$45,662 to a total of \$2,242,733. The largest portion of the net assets are the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) increased by \$406,741 during the year due to purchases of new capital assets and principal payments on related debt exceeded depreciation. The districts Unrestricted Net Assets decreased by \$65,584 during the year and the restricted portion of the net assets decreased by \$295,495. The restricted Net Assets consist of the Investment in Capital Assets-net of related debt and the restricted debt retirement funds that may only be used to pay bonded debt. The unrestricted net assets may be used to fund the educational services provided to students. The significant changes in unrestricted net assets was the general fund expenditures exceeding revenues.

**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS**

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows , and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Unreserved fund balance for the general fund decreased by \$38,411 during the year with the decrease coming primarily in cash. Revenues for the year increased by \$4,882. Expenditures and other financing uses increased by \$70,100, primarily from wage and benefit increases. The major source of general fund revenues is state aid and taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)  
The State of Michigan aid, unrestricted, is determined with the following variables:
  - a. State of Michigan State Aid Act per student foundation allowance
  - b. Student Enrollment - Blended at 80 percent of current year's fall count and 20 percent of prior year's winter count
  - c. The District's non-homestead tax levy.
2. Per Student, Foundation Allowance:  
Annually, the State of Michigan establishes the per student foundation allowance. The Glen Lake Community Schools foundation allowance was \$6,860 per student for the 2003-2004 school year, the same as the prior year. The foundation allowance was decreased by \$74 per student from \$6,860 to \$6,786 as the result of an executive order by the governor.
3. Student Enrollment:  
The District's student enrollment for the fall count of 2003-2004 was 931 students. A increase of 3 students from the prior year.



GLEN LAKE COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)**

Analysis of Financial Position (Continued)

General Fund (Continued)

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 15.096 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2003-2004 fiscal year was \$4,242,065.

Debt Retirement Fund

The districts debt retirement fund balance decreased by \$295,495. The fund balance is restricted to use for payments on bonded debt. The funds had expenditures of \$490,117 in paying the required interest and principal payments of the school's bonded debt. The majority of the funds revenue is derived from tax collections. An analysis of them is as follows:

1. Debt Fund Property and Industrial Facility In Lieu of Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead. In addition, the District collects IFT (Industrial Facilities Taxes) In Lieu of Taxes that are essentially taxed at 50 percent of the regular tax rate.

For 2003-2004, the District's debt millage levy was 1.15 mills that generated revenue of \$549,142.

Special Revenue Funds

The districts special revenue funds provide food service and athletic opportunities to students and the timber management fund which provides community enrichment projects. During the year the fund balances increased by \$98,540.

**GENERAL FUND BUDGETARY HIGHLIGHTS:**

**GENERAL FUND BUDGET VS. ACTUAL**

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Original	Variance Actual
				<u>&amp; Final Budget %</u>	<u>&amp; Final Budget %</u>
Revenue	\$6,624,375	\$6,799,104	\$6,795,219	2.64%	(0.06)
Expenditures	6,802,917	6,853,503	6,833,630	0.74%	0.29
<u>TOTAL</u>	<u>(\$178,542)</u>	<u>(\$54,399)</u>	<u>(\$38,411)</u>		

GLEN LAKE COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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**ANALYSIS OF BUDGETS:**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Glen Lake Community Schools amends its budget during the school year. The June, 2004 budget amendment was the final budget for the fiscal year.

Original vs. Final Budgets

Revenues

The original and final budgets for revenues varied by approximately \$174,000 due to grant funds that were awarded the District after the original budget was adopted. The final budget also reflected a six student increase for state aid funding that was not anticipated in the original budget.

Expenditures

No significant variances.

Actual Results vs. Final Budgets

Revenues

No significant variances.

Expenditures

No significant variances.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-1-03	Increases 6-30-04	Principal Payments 6-30-04	Principal Balance 6-30-04
General Obligation Bonds	\$7,025,659	\$2,725,000	\$3,375,000	\$6,375,659
Sick Days Payable	270,915	24,301	0	295,216
<u>Total Long-Term Debt</u>	<u>\$7,296,574</u>	<u>\$2,749,301</u>	<u>\$3,375,000</u>	<u>\$6,670,875</u>

On September 30, 2003, the District advanced refunded (i.e. refinanced) a portion of their outstanding bonded debt obligations to take advantage of the low interest rates available in the bond market. The advanced refunding reduced total debt service payments over the next four years by \$87,845. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$74,015.

GLEN LAKE COMMUNITY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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**CAPITAL ASSET AND DEBT ADMINISTRATION:** (Continued)

B. Capital Assets

The district's net investment in capital assets decreased by \$243,259 during the fiscal year. This can be summarized as follows:

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
Capital Assets	\$12,685,848	\$94,662	\$0	\$12,780,510
Less: Accumulated Depreciation	(5,246,503)	(337,921)	0	(5,584,424)
<u>Net Investment Capital Outlay</u>	<u>\$7,439,345</u>	<u>(\$243,259)</u>	<u>\$0</u>	<u>\$7,196,086</u>

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Glen Lake Community Schools.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$2,107,147
Accounts Receivable	7,602
Due from Other Governmental Units	398,086
Inventory	2,830
Total Current Assets	<u>\$2,515,665</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets	12,780,510
Less: Accumulated Depreciation	<u>(5,584,424)</u>
Total Noncurrent Assets	<u>\$7,196,086</u>
<u>TOTAL ASSETS</u>	\$9,711,751
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	67,832
Accrued Expenses	181,953
Salaries Payable	325,264
Deferred Revenue	130,511
Current Portion of Long-Term Obligations	515,000
Total Current Liabilities	<u>\$1,220,560</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>6,155,875</u>
<u>TOTAL LIABILITIES</u>	\$7,376,435
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	820,427
Restricted for:	
Debt Service	60,331
Unrestricted	1,454,558
<u>TOTAL NET ASSETS</u>	<u>\$2,335,316</u>

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
STATEMENT OF ACTIVITIES  
JUNE 30, 2004

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue &amp; Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$4,205,005	\$0	\$408,120	(\$3,796,885)
Support Services	2,415,726	14,538	111,964	(2,289,224)
Community Services	4,922	0	0	(4,922)
Food Service	246,683	176,028	67,033	(3,622)
Athletics	271,257	53,005	0	(218,252)
Timber Management	29,162	121,500	0	92,338
Bond Issuance Costs	36,432	0	0	(36,432)
Interest on Long-Term Obligations	168,339	0	0	(168,339)
Depreciation - Unallocated	255,590	0	0	(255,590)
<u>TOTALS</u>	<u>\$7,633,116</u>	<u>\$365,071</u>	<u>\$587,117</u>	<u>(\$6,680,928)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				4,791,207
State Aid				1,980,104
Investment Earnings				15,862
Miscellaneous				32,000
Total General Revenues and Transfers				<u>\$6,819,173</u>
Change in Net Assets				<u>\$138,245</u>
Net Assets - Beginning - As Restated				<u>2,197,071</u>
<u>Net Assets - Ending</u>				<u>\$2,335,316</u>

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$1,924,062	\$183,085	\$2,107,147
Accounts Receivable	7,602	0	7,602
Due from Other Funds	13,449	0	13,449
Due from Other Governmental Units	398,086	0	398,086
Inventory	0	2,830	2,830
<u>TOTAL ASSETS</u>	<u>\$2,343,199</u>	<u>\$185,915</u>	<u>\$2,529,114</u>
<u>LIABILITIES</u>			
Accounts Payable	\$65,975	\$1,857	\$67,832
Due to Other Funds	0	13,449	13,449
Accrued Expenses	173,124	0	173,124
Salaries Payable	325,264	0	325,264
Deferred Revenue	130,511	0	130,511
Total Liabilities	\$694,874	\$15,306	\$710,180
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	0	2,830	2,830
Debt Retirement	0	60,331	60,331
Designated	106,542	0	106,542
Unreserved:			
Undesignated, Reported In:			
General Fund	1,541,783	0	1,541,783
Special Revenue Funds	0	107,448	107,448
Total Fund Balances	<u>\$1,648,325</u>	<u>\$170,609</u>	<u>\$1,818,934</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$2,343,199</u>	<u>\$185,915</u>	<u>\$2,529,114</u>

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004

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Total Governmental Fund Balances:		\$1,818,934
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$12,780,510 and the accumulated depreciation is \$5,584,424		7,196,086
Accrued Interest on Long-Term Debt		(8,829)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	\$6,375,659	
Sick Days Payable	295,216	
Total Long-Term Liabilities	<u>                    </u>	<u>(6,670,875)</u>
<u>TOTAL NET ASSETS -</u> <u>GOVERNMENTAL ACTIVITIES</u>		<u><u>\$2,335,316</u></u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<u>REVENUES</u>			
Local Sources	\$4,397,816	\$909,109	\$5,306,925
State Sources	2,262,779	11,534	2,274,313
Federal Sources	132,824	55,499	188,323
Total Revenues	\$6,793,419	\$976,142	\$7,769,561
<u>EXPENDITURES</u>			
Current:			
Instruction	4,204,862	0	4,204,862
Student Services	243,171	0	243,171
Instructional Support	163,620	0	163,620
General Administration	243,477	0	243,477
School Administration	400,727	0	400,727
Business Administration	106,144		106,144
Operation & Maintenance of Plant	695,962	0	695,962
Transportation	367,803	0	367,803
Other Support Services	97,374		97,374
Community Services	4,922	0	4,922
Special Revenue	0	518,261	518,261
Debt Service	0	490,117	490,117
Total Expenditures	\$6,528,062	\$1,008,378	\$7,536,440
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$265,357	(\$32,236)	\$233,121
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from (to) Other Funds	(191,106)	191,106	0
Loan Proceeds from Refinancing	0	(355,825)	(355,825)
Other Transfers	(112,662)	0	(112,662)
Total Other Financing Sources (Uses)	(\$303,768)	(\$164,719)	(\$468,487)
Net Change in Fund Balance	(\$38,411)	(\$196,955)	(\$235,366)
<u>FUND BALANCE - BEGINNING</u>	1,686,736	367,564	2,054,300
<u>FUND BALANCE - ENDING</u>	\$1,648,325	\$170,609	\$1,818,934

See accompanying notes to the basic financial statements.



GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

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Total net change in fund balances - governmental funds	(\$235,366)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(243,259)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	455,000
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Proceeds from Bond Refinancing	(2,725,000)
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Deposits with Escrow Agent	2,920,000
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(Increase) in accrued compensated absences	(24,301)
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Change in accrued interest on long-term liabilities	<u>(8,829)</u>
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<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u><u>\$138,245</u></u>
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GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2004

	Private Purpose Trusts	Trust & Agency	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$52,026	\$157,366	\$209,392
Investments	570,514	0	570,514
Due from Private Purpose Trust	0	1,000	1,000
<u>TOTAL ASSETS</u>	\$622,541	\$158,366	\$780,906
<u>LIABILITIES</u>			
Due to Student Groups	0	158,366	158,366
Due to Student Activities Agency Fund	1,000	0	1,000
Total Liabilities	\$1,000	\$158,366	\$159,366
<u>NET ASSETS - HELD IN TRUST FOR OTHERS</u>	\$621,541	\$0	\$621,541

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Private Purpose Trusts</u>
<u>ADDITIONS</u>	
Revenue from Contributions and Earnings	\$84,330
<u>DEDUCTIONS</u>	
Scholarships and Other Expenses	<u>68,258</u>
<u>CHANGE IN NET ASSETS</u>	\$16,073
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>605,468</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$621,541</u>

See accompanying notes to the basic financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Glen Lake Community Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains three school service funds: Food Service, Athletic and Timber Management Funds.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS (Continued)

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u> <u>Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years
Vehicles and Buses	5 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.



GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

P.A. 621 of 1978, Section 18 (1), as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

During the year ended June 30, 2004, the School incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

4) DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the District to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits - The Board of Education authorized the following financial institutions for the deposit of the District's funds for the year ended June 30, 2004: Huntington National Bank, Bank One, State Savings Bank and the Michigan School District Liquid Asset Fund.

The District's deposits are in accordance with statutory authority.

The District had petty cash of \$50.00 classified as cash and cash equivalents.

At June 30, 2004, the carrying amount of the School District's deposits was \$2316,539 and the bank balance was \$2,345,469. \$214,389 of the bank balance was covered by federal depository insurance and \$2,131,080 was uninsured and uncollateralized.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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4) DEPOSITS AND INVESTMENTS (Continued)

Investments - The School District's investments are required to be categorized to give an indication of the level of risk assumed by the District at June 30, 2004. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or its trust department or agent but not in the School District's name.

Investments, categorized by level of risk at June 30, 2004, are as follows:

	<u>CARRYING AMOUNT</u>
Unclassified as to Risk:	
Mutual Funds	<u>\$ 570,514</u>

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

6) RECEIVABLES

Receivables at June 30, 2004, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	<u>\$ 398,086</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2004, the School District had no estimated claims in conjunction with the program.

8) SHORT-TERM DEBT

The District has various options for short-term financing including tax anticipation notes, state aid anticipation notes and lines of credit. The District entered into no short-term financing arrangements during the fiscal year ended June 30, 2004.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$11,377,293	\$86,223	\$0	\$11,463,516
Land Improvements	305,467	0	0	305,467
Equipment and Furniture	474,522	8,439	0	482,961
Vehicles	528,566	0	0	528,566
Totals at Historical Cost	\$12,685,848	\$94,662	\$0	\$12,780,510
Less: Accumulated Depreciation				
Buildings and Improvements	(4,537,273)	(232,115)	0	(4,769,388)
Land Improvements	(166,926)	(15,273)	0	(182,199)
Equipment and Furniture	(265,872)	(41,772)	0	(307,644)
Vehicles	(276,432)	(48,761)	0	(325,193)
Total Accumulated Depreciation	(\$5,246,503)	(\$337,921)	\$0	(\$5,584,424)
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$7,439,345</u>	<u>(\$243,259)</u>	<u>\$0</u>	<u>\$7,196,086</u>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 143
Support Services	53,347
Food Service	2,854
Athletics	25,987
Unallocated	255,590
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 337,921</u>

10) GENERAL LONG-TERM DEBT

A) General Obligation Bonds Payable

1993 Series

Glen Lake Community Schools has issued bonds to partially advance refund the 1991 Series bonds. These bonds were issued October 21, 1993 in the amount of \$7,288,517.45 bearing interest at rates varying from 2.6% to 5.95 per annum. The balance of the bonds as of June 30, 2004 was \$4,058,517.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

10) GENERAL LONG-TERM DEBT (Continued)

B) 2003 REFUNDING BONDS

On September 30, 2003, the Glen Lake Community Schools issued \$2,725,000 in General Obligation – Unlimited Tax Bonds with an average interest ranging from of 1.50% to 2.75%. The District issued the bonds to advance refund \$2,900,000 of the outstanding 1993 Bond Issue with a interest rate ranging from 4.4% to 4.9%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. The outstanding principal of the defeased bonds is \$2,410,000 at June 30, 2004.

The advanced refunding reduced total debt service payments over the next four years by \$87,845. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$74,015. The balance of the 2003 Refunding Bonds as of June 30, 2004 was \$2,270,000.

C) Durant Resolution Package Bonds

Glen Lake Community Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of \$73,789.00 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2004 was \$47,142. The legislature refinanced the repayment schedule during the year ended June 30, 2003.

D) Annual Principal Requirements

The annual principal requirements for all debts outstanding as of June 30, 2004 are as follows:

	BONDS		
	PAYABLE	INTEREST	TOTAL
June 30, 2005	\$515,000	\$52,975	\$567,975
June 30, 2006	550,000	42,675	592,675
June 30, 2007	588,572	33,285	621,857
June 30, 2008	623,741	19,090	642,831
June 30, 2009	351,228	478,953	830,181
June 30, 2010-2014	1,649,966	3,055,212	4,705,178
June 30, 2015-2019	1,506,973	4,458,027	5,965,000
June 30, 2020-2021	590,179	2,289,822	2,880,001
<u>TOTAL</u>	<u>\$6,375,659</u>	<u>\$10,430,039</u>	<u>\$16,805,698</u>

The payment dates of sick days payable is undeterminable. The interest expenditures on long-term obligations for the year were \$35,049.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

10) GENERAL LONG-TERM DEBT (Continued)

E) Changes in General Long-Term Debt

	BALANCE			BALANCE	AMOUNT DUE
<u>Governmental Activities:</u>	<u>JULY 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>JUNE 30, 2003</u>	<u>IN ONE YEAR</u>
General Obligation Bonds	\$7,025,659	\$2,725,000	\$3,375,000	\$6,375,659	\$515,000
Unpaid Sick Days Payable	270,915	24,301	0	295,216	0
<u>Total Governmental Activities</u>	<u>\$7,296,574</u>	<u>\$2,749,301</u>	<u>\$3,375,000</u>	<u>\$6,670,875</u>	<u>\$515,000</u>

11) FUND BALANCE DESIGNATIONS

The District's Board of Education had designated \$106,542 of the District's General Fund fund balance for the following:

Headlee Millage Tutoring/S.E. Funds	\$76,542
Elementary Textbooks	30,000
<u>TOTAL</u>	<u>\$106,542</u>

12) RESTATEMENT OF GOVERNMENT-WIDE NET ASSETS

For the fiscal year ended June 30, 2004, the School District implemented GASB Statement 34. As a result, capital assets and accumulated depreciation were recorded for the first time. Net assets were restated as of July 1, 2003 for the recording of accumulated depreciation. See July 1, 2003 balances illustrated in Note 10.

13) INTERFUND ACTIVITY

Interfund balances at June 30, 2004 consisted of the following:

<b>DUE FROM</b>	
<b>DUE TO</b>	GENERAL FUND
Special Revenue Fund	<u>\$13,449</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2004, consisted of the following:

<b>TRANSFERS FROM</b>	
<b>TRANSFERS TO</b>	GENERAL FUND
Athletics Fund	<u>\$191,106</u>

These transfers were made to subsidize the cost of services for athletics.

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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15) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 12.99 percent for the period July 1, 2003 through September 30, 2003 and 12.99 percent for the period October 1, 2003 through June 30, 2004 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS pension plan for the years ended June 30, 2004, 2003 and 2002 were \$544,611, \$512,240.64 and \$440,967.87, respectively.

Postemployment Benefits

Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS pension plan discussed above.

16) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

17) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantor agencies.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$132,100	\$4,413,429	\$4,397,816	(\$15,613)
State Sources	6,311,200	2,251,049	2,262,779	11,730
Federal Sources	181,075	132,826	132,824	(2)
Total Revenues	<u>\$6,624,375</u>	<u>\$6,797,304</u>	<u>\$6,793,419</u>	<u>(\$3,885)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	4,147,311	4,223,527	4,204,862	18,665
Student Services & Instructional Support	383,527	383,631	406,791	(23,160)
General & Business Administration	371,451	349,631	349,621	10
School Administration	400,763	401,341	400,727	614
Operation & Maintenance of Plant	619,283	695,977	695,962	15
Transportation	388,203	368,345	367,803	542
Other Support Services	167,807	120,552	97,374	23,178
Community Services	0	4,927	4,922	5
Total Expenditures	<u>\$6,478,345</u>	<u>\$6,547,931</u>	<u>\$6,528,062</u>	<u>\$19,869</u>
Excess of Revenues Over Expenditures	<u>\$146,030</u>	<u>\$249,373</u>	<u>\$265,357</u>	<u>\$15,984</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>(324,572)</u>	<u>(303,772)</u>	<u>(303,768)</u>	<u>4</u>
Net Change in Fund Balance	<u>(\$178,542)</u>	<u>(\$54,399)</u>	<u>(\$38,411)</u>	<u>\$15,988</u>
<u>FUND BALANCE - BEGINNING</u>			<u>1,686,736</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$1,648,325</u>	



OTHER SUPPLEMENTAL  
INFORMATION

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2004

	Special Revenue Fund	Debt Retirement Fund	Total Other Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$122,754	\$60,331	\$183,085
Inventory	2,830	0	2,830
<u>TOTAL ASSETS</u>	<u>\$125,584</u>	<u>\$60,331</u>	<u>\$185,915</u>
<u>LIABILITIES</u>			
Accounts Payable	\$1,857	\$0	\$1,857
Due to Other Funds	13,449	0	13,449
Total Liabilities	\$15,306	\$0	\$15,306
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	2,830	0	2,830
Debt Retirement	0	60,331	60,331
Unreserved:			
Undesignated, Reported In:			
Special Revenue Funds	107,448	0	107,448
Total Fund Balances	\$110,278	\$60,331	\$170,609
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$125,584</u>	<u>\$60,331</u>	<u>\$185,915</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	Special Revenue Fund	Debt Retirement Fund	Total Other Governmental Funds
<u>REVENUES</u>			
Local Sources	\$358,662	\$550,447	\$909,109
State Sources	11,534	0	11,534
Federal Sources	55,499	0	55,499
Total Revenues	<u>\$425,695</u>	<u>\$550,447</u>	<u>\$976,142</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>191,106</u>	<u>(355,825)</u>	<u>(164,719)</u>
Total Revenues & Other Financing Sources	\$616,801	\$194,622	\$811,423
<u>EXPENDITURES</u>			
Special Revenue	518,261	0	518,261
Debt Service	0	490,117	490,117
Total Expenditures	<u>\$518,261</u>	<u>\$490,117</u>	<u>\$1,008,378</u>
Net Change in Fund Balance	\$98,540	(\$295,495)	(\$196,955)
<u>NET ASSETS - BEGINNING</u>	<u>11,738</u>	<u>355,826</u>	<u>367,564</u>
<u>NET ASSETS - ENDING</u>	<u>\$110,278</u>	<u>\$60,331</u>	<u>\$170,609</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
SPECIAL REVENUE  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2004

	Food Service	Athletic Activities	Timber Management	Total
<u>ASSETS</u>				
Cash and Cash Equivalents	\$27,670	\$2,501	\$92,583	\$122,754
Inventory	2,830	0	0	2,830
<u>TOTAL ASSETS</u>	<u>\$30,500</u>	<u>\$2,501</u>	<u>\$92,583</u>	<u>\$125,584</u>
<u>LIABILITIES</u>				
Accounts Payable	\$1,857	\$0	\$0	\$1,857
Due to Other Funds	13,449	0	0	13,449
Total Liabilities	\$15,306	\$0	\$0	\$15,306
<u>FUND EQUITY</u>				
Reserved for Inventory	2,830	0	0	2,830
Unreserved and Undesignated	12,364	2,501	92,583	107,448
Total Fund Equity	\$15,194	\$2,501	\$92,583	\$110,278
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$30,500</u>	<u>\$2,501</u>	<u>\$92,583</u>	<u>\$125,584</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
SPECIAL REVENUE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004

	Food Service	Athletic Activities	Timber Management	Total
<u>REVENUES</u>				
<u>Local Sources</u>				
Cafeteria Sales	\$176,028	\$0	\$0	\$176,028
Athletic Activities	0	53,005	0	53,005
Interest	120	0	245	365
Other Local Sources	6,650	1,114	121,500	129,264
Total Local Sources	\$182,798	\$54,119	\$121,745	\$358,662
<u>State Sources</u>				
State Reimbursements	11,534	0	0	11,534
<u>Federal Sources</u>				
Federal Reimbursements	45,849	0	0	45,849
Commodities	9,650	0	0	9,650
Total Federal Sources	\$55,499	\$0	\$0	\$55,499
Total Revenues	\$249,831	\$54,119	\$121,745	\$425,695
<u>OTHER FINANCING SOURCES</u>				
Transfers from General Fund	0	191,106	0	191,106
Total Revenues and Other Financing Sources	\$249,831	\$245,225	\$121,745	\$616,801
<u>EXPENDITURES</u>				
Salaries - Non-Professional	76,918	129,276	0	206,194
Fica, Retirement, Etc.	17,238	26,330	0	43,568
Purchased Services	387	25,953	21,154	47,494
Supplies and Materials	146,960	6,156	0	153,116
Capital Outlay	0	35,621	8,008	43,629
Other	2,326	21,934	0	24,260
Total Expenditures	\$243,829	\$245,270	\$29,162	\$518,261
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u>	\$6,002	(\$45)	\$92,583	\$98,540
<u>FUND BALANCE - BEGINNING OF YEAR</u>	\$9,192	\$2,546	\$0	11,738
<u>FUND BALANCE - END OF YEAR</u>	\$15,194	\$2,501	\$92,583	\$110,278

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
COMBINING BALANCE SHEET  
DEBT RETIREMENT FUND  
AS OF JUNE 30, 2004

	1991 Debt Fund	1993 Debt Fund	2003 Debt Fund	Total
<u>ASSETS</u>				
Cash and Cash Equivalents	\$0	\$0	\$60,331	\$60,331
<u>TOTAL ASSETS</u>	<u>\$0</u>	<u>\$0</u>	<u>\$60,331</u>	<u>\$60,331</u>
<u>FUND BALANCES</u>				
Reserved For:				
Debt Retirement	\$0	\$0	\$60,331	\$60,331
<u>TOTAL FUND BALANCES</u>	<u>\$0</u>	<u>\$0</u>	<u>\$60,331</u>	<u>\$60,331</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
DEBT RETIREMENT FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004

	1991 Debt Fund	1993 Debt Fund	2003 Debt Fund	Total After Interfund Eliminations
<u>REVENUE</u>				
Property Taxes	\$0	\$125	\$549,017	\$549,142
Earnings on Investments	169	650	486	1,305
Total Revenue	<u>\$169</u>	<u>\$775</u>	<u>\$549,503</u>	<u>\$550,447</u>
<u>OTHER FINANCING SOURCES</u>				
Proceeds from Refunding Bonds	0	0	2,725,000	2,725,000
Original Issue Premium	0	0	24,035	24,035
Transfer from Other Debt Funds	0	90,380	356,715	0
Total Other Financing Sources	<u>\$0</u>	<u>\$90,380</u>	<u>\$3,105,750</u>	<u>\$2,749,035</u>
Total Revenues and Other Financing Sources	<u>\$169</u>	<u>\$91,155</u>	<u>\$3,655,253</u>	<u>\$3,299,482</u>
<u>EXPENDITURES</u>				
Redemption of Bonds	0	0	455,000	455,000
Interest	0	0	35,049	35,049
Dues and Fees	0	55	13	68
Total Expenditures	<u>\$0</u>	<u>\$55</u>	<u>\$490,062</u>	<u>\$490,117</u>
<u>OTHER FINANCING USES</u>				
Deposit with Escrow Agent	0	0	3,044,393	3,044,393
Issuance Costs	0	0	43,518	43,518
Underwriter's Discount	0	0	16,949	16,949
Transfer To Other Debt Funds	90,380	356,715	0	0
Total Other Financing Uses	<u>\$90,380</u>	<u>\$356,715</u>	<u>\$3,104,860</u>	<u>\$3,104,860</u>
Total Expenditures and Other Financing Uses	<u>\$90,380</u>	<u>\$356,770</u>	<u>\$3,594,922</u>	<u>\$3,594,977</u>
<u>EXCESS REVENUES AND OTHER FINANCING</u> <u>SOURCES OVER (UNDER) EXPENDITURES</u> <u>AND OTHER FINANCING USES</u>	<u>(\$90,211)</u>	<u>(\$265,615)</u>	<u>\$60,331</u>	<u>(\$295,495)</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>90,211</u>	<u>265,615</u>	<u>265,615</u>	<u>355,826</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$0</u>	<u>\$0</u>	<u>\$325,946</u>	<u>\$60,331</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
ALL AGENCY FUNDS  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2004

STUDENT ACTIVITY ACCOUNTS				
	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>ASSETS</u>				
Cash and Cash Equivalents	\$140,018	\$344,965	\$327,617	\$157,366
Due from Lehmann Scholarship	0	1,000	0	1,000
<u>TOTAL ASSETS</u>	<u>\$140,018</u>	<u>\$345,965</u>	<u>\$327,617</u>	<u>\$158,366</u>
<u>LIABILITIES</u>				
Due to Student Groups	<u>\$140,018</u>	<u>\$345,965</u>	<u>\$327,617</u>	<u>\$158,366</u>
WELCH SCHOLARSHIP FUND				
	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>ASSETS</u>				
Cash and Cash Equivalents	\$3,853	\$5,226	\$3,000	\$6,079
Investments	146,583	6,704	9,047	144,240
Total Assets	<u>\$150,436</u>	<u>\$11,929</u>	<u>\$12,047</u>	<u>\$150,318</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$150,436</u>	<u>\$11,929</u>	<u>\$12,047</u>	<u>\$150,318</u>
NORCONK SCHOLARSHIP FUND				
	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>ASSETS</u>				
Cash and Cash Equivalents	\$1,833	\$5,034	\$3,450	\$3,417
Investments	55,359	2,582	6,436	51,505
Total Assets	<u>\$57,192</u>	<u>\$7,616</u>	<u>\$9,886</u>	<u>\$54,922</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$57,192</u>	<u>\$7,616</u>	<u>\$9,886</u>	<u>\$54,922</u>
PARDEE SCHOLARSHIP FUND				
	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>ASSETS</u>				
Cash and Cash Equivalents	\$3,040	\$18,833	\$10,000	\$11,873
Investments	290,126	32,012	21,621	300,517
Total Assets	<u>\$293,166</u>	<u>\$50,845</u>	<u>\$31,621</u>	<u>\$312,390</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$293,166</u>	<u>\$50,845</u>	<u>\$31,621</u>	<u>\$312,390</u>



GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
ALL AGENCY FUNDS  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2004

LEHMANN SCHOLARSHIP FUND				
	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>ASSETS</u>				
Cash and Cash Equivalents	\$12,329	\$101	\$1,000	\$11,430
<u>LIABILITIES</u>				
Due to Administrative Account	\$0	\$0	\$1,000	(\$1,000)
<u>NET ASSETS</u>				
Held in Trust for Others	12,329	101	0	12,430
<u>TOTAL LIABILITIES &amp; NET ASSETS</u>	<u>\$12,329</u>	<u>\$101</u>	<u>\$1,000</u>	<u>\$11,430</u>
HUGHES SCHOLARSHIP FUND				
	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>ASSETS</u>				
Cash and Cash Equivalents	\$1,082	\$6,691	\$6,000	\$1,773
Investments	73,919	7,025	6,691	74,253
Total Assets	<u>\$75,001</u>	<u>\$13,716</u>	<u>\$12,691</u>	<u>\$76,026</u>
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$75,001</u>	<u>\$13,716</u>	<u>\$12,691</u>	<u>\$76,026</u>
MARGARET CARLSON BATES SCHOLARSHIP FUND				
	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>ASSETS</u>				
Cash and Cash Equivalents	\$16,832	\$123	\$500	\$16,455
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$16,832</u>	<u>\$123</u>	<u>\$500</u>	<u>\$16,455</u>
FRANCES COZZENS MEMORIAL SCHOLARSHIP FUND				
	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>ASSETS</u>				
Cash and Cash Equivalents	\$512	\$1	\$513	\$0
<u>NET ASSETS</u>				
Held in Trust for Others	<u>\$512</u>	<u>\$1</u>	<u>\$513</u>	<u>\$0</u>
TOTALS - ALL FUNDS				
	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
<u>ASSETS</u>				
Cash and Cash Equivalents	\$179,499	\$381,973	\$352,080	\$209,392
Investments	565,987	48,322	43,795	570,514
<u>TOTAL ASSETS</u>	<u>\$745,486</u>	<u>\$430,295</u>	<u>\$395,875</u>	<u>\$779,906</u>
<u>LIABILITIES</u>				
Due to Student Groups	<u>\$745,486</u>	<u>\$430,295</u>	<u>\$395,875</u>	<u>\$779,906</u>

INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES AND  
OTHER FINANCING USES

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
FOR THE YEAR ENDED JUNE 30, 2004

<u>REVENUES FROM</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>Local Sources</u>			
Property Tax Levy	\$4,245,149	\$4,242,065	(\$3,084)
Earnings on Investments and Deposits	14,324	14,192	(132)
Tuition	75	75	0
Special Ed Millage	104,586	104,585	(1)
Other Local Revenues	49,295	36,899	(12,396)
Total Revenues from Local Sources	\$4,413,429	\$4,397,816	(\$15,613)
<u>State Sources</u>			
Unrestricted			
State Aid - Foundation - Sec. 20	1,990,532	1,980,104	(10,428)
Restricted			
Special Education Categoricals	154,228	176,388	22,160
At Risk - Sec. 31A	77,043	77,043	0
Durant	7,379	7,379	0
Vocational Education - Sec. 61a.1	784	784	0
Golden Apple	9,826	9,826	0
Gifted and Talented Grant - Sec. 57.3	135	135	0
Teacher Technology	3,591	3,590	(1)
Driver Education	7,531	7,530	(1)
Total Revenues from State Sources	\$2,251,049	\$2,262,779	\$11,730
<u>Federal Sources</u>			
Title I	88,995	88,995	0
Title I Carryover	16,807	16,807	0
Title V	6,869	6,869	0
Improving Teacher Quality	12,642	12,642	0
Technology Literacy Challenge	1,279	1,278	(1)
National Park - P.L. 94	6,234	6,233	(1)
Total Revenues from Federal Sources	\$132,826	\$132,824	(\$2)
<u>TOTAL REVENUES</u>	\$6,797,304	\$6,793,419	(\$3,885)
<u>OTHER FINANCING USES</u>			
Sale of Assets	1,800	1,800	0
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	\$6,799,104	\$6,795,219	(\$3,885)

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2004

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>BASIC PROGRAMS</u>			
<u>Elementary</u>			
Salaries - Professional	\$949,761	\$949,759	\$2
Salaries - Non-Professional	90,940	90,938	2
Insurances	205,952	205,949	3
Fica, Retirement, Etc.	214,689	214,688	1
Purchased Services	10,997	10,995	2
Supplies and Materials	67,086	51,276	15,810
Other	1,576	1,575	1
Total Elementary	<u>\$1,541,001</u>	<u>\$1,525,180</u>	<u>\$15,821</u>
<u>High School</u>			
Salaries - Professional	1,217,051	1,217,050	1
Salaries - Non-Professional	48,306	46,477	1,829
Insurances	286,815	286,813	2
Other Benefits	79,516	79,514	2
Fica, Retirement, Etc.	269,655	269,652	3
Purchased Services	22,669	22,665	4
Supplies and Materials	52,898	52,816	82
Other	4,392	4,391	1
Total High School	<u>\$1,981,302</u>	<u>\$1,979,378</u>	<u>\$1,924</u>
<u>Total Basic Programs</u>	\$3,522,303	\$3,504,558	\$17,745
<u>ADDED NEEDS</u>			
<u>Special Education</u>			
Salaries - Professional	297,600	297,599	1
Salaries - Non-Professional	57,448	57,445	3
Insurances	76,133	76,132	1
Other Benefits	4,385	4,385	0
Fica, Retirement, Etc.	73,345	73,343	2
Purchased Services	1,142	1,141	1
Supplies and Materials	8,323	7,415	908
Total Special Education	<u>\$518,376</u>	<u>\$517,460</u>	<u>\$916</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>INSTRUCTION</u> (Continued)			
<u>ADDED NEEDS</u>			
<u>Compensatory Education</u>			
Salaries - Professional	\$113,561	\$114,590	(\$1,029)
Salaries - Non-Professional	15,465	14,435	1,030
Insurances	19,581	19,580	1
Fica, Retirement, Etc.	26,371	26,370	1
Purchase Services	25	25	0
Supplies and Materials	7,845	7,844	1
Total Compensatory Education	<u>\$182,848</u>	<u>\$182,844</u>	<u>\$4</u>
<u>Total Added Needs</u>	<u>\$701,224</u>	<u>\$700,304</u>	<u>\$920</u>
<u>TOTAL INSTRUCTION</u>	\$4,223,527	\$4,204,862	\$18,665
<u>SUPPORT SERVICES</u>			
<u>Student Services</u>			
Salaries - Professional	145,079	145,079	0
Salaries - Non-Professional	23,575	23,575	0
Insurances	36,995	36,993	2
Fica, Retirement, Etc.	34,890	34,889	1
Purchased Services	244	244	0
Supplies and Materials	2,087	2,086	1
Other	305	305	0
Total Student Services	<u>\$243,175</u>	<u>\$243,171</u>	<u>\$4</u>
<u>Instructional Support</u>			
Salaries - Professional	99,719	110,589	(10,870)
Insurances	10,332	12,908	(2,576)
Fica, Retirement, Etc.	19,932	22,238	(2,306)
Purchase Services	2,828	9,932	(7,104)
Supplies and Materials	5,618	5,927	(309)
Other	2,027	2,026	1
Total Instructional Support	<u>\$140,456</u>	<u>\$163,620</u>	<u>(\$23,165)</u>
<u>General Administration</u>			
Salaries - Professional	91,152	91,152	0
Insurances	41,740	41,739	1
Other Benefits	6,738	6,738	0
Fica, Retirement, Etc.	40,343	40,341	2
Purchased Services	49,838	49,833	5
Supplies and Materials	4,481	4,305	176
Other	9,195	9,369	(174)
Total General Administration	<u>\$243,487</u>	<u>\$243,477</u>	<u>\$10</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE
<u>SUPPORT SERVICES</u> (Continued)			
<u>School Administration</u>			
Salaries - Professional	\$209,550	\$209,550	\$0
Salaries - Non-Professional	63,982	63,981	1
Insurances	57,660	57,656	4
Fica, Retirement, Etc.	56,580	56,577	3
Purchased Services	4,470	4,466	4
Supplies and Materials	2,236	2,235	1
Other	6,863	6,262	601
Total School Administration	\$401,341	\$400,727	\$614
<u>Business Office</u>			
Salaries - Professional	51,628	51,628	0
Salaries - Non-Professional	54,276	54,276	0
Insurances	240	240	0
Total Business Office	\$106,144	\$106,144	\$0
<u>Operation and Maintenance</u>			
Salaries - Professional	45,238	45,238	0
Salaries - Non-Professional	206,835	206,835	0
Insurances	82,414	82,412	2
Fica, Retirement, Etc.	53,689	53,687	2
Purchased Services	184,606	184,601	5
Supplies and Materials	29,682	29,678	4
Capital Outlay	89,789	89,788	1
Other	3,724	3,723	1
Total Operation and Maintenance of Plant	\$695,977	\$695,962	\$15
<u>Transportation</u>			
Salaries - Professional	1,691	1,691	0
Salaries - Non-Professional	222,899	222,895	4
Insurances	13,860	13,858	2
Fica, Retirement, Etc.	46,962	46,961	1
Purchased Services	19,540	19,038	502
Supplies and Materials	60,975	60,944	31
Capital Outlay	298	297	1
Other	2,120	2,119	1
Total Transportation	\$368,345	\$367,803	\$542

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE
<u>SUPPORT SERVICES</u> (Continued)			
<u>Other Support Services</u>			
Salaries - Non-Professional	\$44,737	\$33,553	\$11,184
Insurances	10,483	7,905	2,578
Fica, Retirement, Etc.	9,235	6,925	2,310
Purchased Services	29,933	22,828	7,105
Supplies and Materials	1,219	1,219	0
Capital Outlay	24,817	24,816	1
Other	128	128	0
Total Other Support Services	<u>\$120,552</u>	<u>\$97,374</u>	<u>\$23,178</u>
 <u>TOTAL SUPPORT SERVICES</u>	 \$2,319,477	 \$2,318,278	 \$1,198
 <u>COMMUNITY SERVICES</u>			
Salaries - Professional	504	503	1
Fica, Retirement, Etc.	21	20	1
Purchased Services	1,691	1,689	2
Supplies and Materials	2,711	2,710	1
Total Community Services	<u>\$4,927</u>	<u>\$4,922</u>	<u>\$5</u>
 <u>TOTAL EXPENDITURES</u>	 \$6,547,931	 \$6,528,062	 \$19,868
 <u>OTHER FINANCING USES</u>			
Transfers to Athletic Fund	191,107	191,106	1
Other Transfers	2,635	2,635	0
Tax Abatement	13,300	13,300	0
Transfers to Other Gov't Units	98,530	98,527	3
 <u>TOTAL OTHER FINANCING USES</u>	 \$305,572	 \$305,568	 \$4
 <u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	 <u>\$6,853,503</u>	 <u>\$6,833,630</u>	 <u>\$19,872</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
TRUST AND AGENCY FUNDS  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2004

STUDENT GROUPS	DUE TO (FROM) STUDENT GROUPS		DUE TO (FROM) STUDENT GROUPS	
	JULY 1, 2003	RECEIPTS	DISBURSEMENTS	JUNE 30, 2003
Academic Achievement	\$466	\$0	\$0	\$466
Adirondack Chairs	627	0	585	42
Administrative	5,583	7,633	7,719	5,497
All Night Party	715	17,481	17,967	229
Art Club	682	340	586	436
Band Activities	4,754	7,093	8,626	3,221
Band Supplies	0	51	40	11
Baseball - Varsity	888	9,101	8,081	1,908
Basketball - Middle School	577	826	556	847
Basketball - Freshman Boys	160	45	178	27
Basketball - JV	313	0	0	313
Basketball - Trn Boys	1,514	3,090	2,700	1,904
Basketball - Trn Girls	1,425	11,686	11,479	1,632
Book Deposit	13,203	1,695	1,574	13,324
Booster Club	875	0	874	1
Camcorder Class	160	0	160	0
Cheerleaders - MS	48	0	0	48
Cheerleaders - Varsity	118	0	112	6
Choir - HS	1,368	1,542	2,357	553
Choir - MS	71	0	0	71
Class Of 1993	386	0	0	386
Class Of 1995	475	0	0	475
Class Of 1996	239	0	0	239
Class Of 1997	654	0	0	654
Class Of 1998	124	0	0	124
Class Of 2001	75	0	0	75
Class Of 2002	144	0	0	144
Class Of 2003	119	0	0	119
Class Of 2004	2,346	3,404	5,562	188
Class of 2005	1,803	5,052	3,341	3,514
Class of 2006	176	453	408	221
Class of 2007	0	19	0	19
Climbing Wall	12	0	0	12
Close-Up	653	9,122	9,370	405
Color Guard	1,229	213	557	885
Community Theatre	965	0	46	919
Concessions	362	25,023	25,187	198
Cross Country	736	3,836	1,789	2,783
Cross Country - MS	38	12	12	38
Dance Marathon	65	0	0	65
Dance Squad	948	0	358	590
Debate Club	459	50	509	0
Subtotal	\$45,555	\$107,767	\$110,733	\$42,589



## GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN

## TRUST AND AGENCY FUNDS

## SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2004

STUDENT GROUPS	DUE TO (FROM) STUDENT GROUPS		DUE TO (FROM) STUDENT GROUPS	
	JULY 1, 2003	RECEIPTS	DISBURSEMENTS	JUNE 30, 2004
Drama Club - Hs	\$2,310	\$3,824	\$5,265	\$869
Drama Club - Ms	174	0	0	174
Drug Free School	67	0	0	67
Eighth Grade Dance	229	0	0	229
Eighth Grade Science Club	11	281	279	13
Envirothon	0	171	92	79
Exposures - David House	330	0	0	330
Fitness Center	50	0	0	50
Football - Middle School	0	85	0	85
Football - Varsity	2,746	9,911	9,384	3,273
Glen Lake CARE Fund	0	5,790	2,910	2,880
G.L. Women's Cl	308	0	0	308
Germany Trip	200	1,461	1,650	11
Golf	68	0	0	68
Greenhouse Seed	278	43	0	321
High Potential	20	0	0	20
Homerooms - HS	124	0	0	124
I.D. Card	393	219	41	571
Intramural	200	0	0	200
Kitchen	2	25	14	13
Lake MI Ski	2,521	2,000	1,646	2,875
Laker Chair Co	1,074	532	832	774
Library - Second	636	138	57	717
Manitou	623	0	0	623
Michigan Summer Read	27	500	221	306
Mighty Fine Art	16,023	21,706	13,199	24,530
National Honor Society	44	0	44	0
Natural Helpers	131	0	0	131
Office - HS	146	3,470	1,611	2,005
Office - Second	771	0	431	340
Outdoor Education	355	6,707	6,237	825
Palm Pilot	0	1,359	1,359	0
P.T.O Fruit Sales	17	0	0	17
P.T.O. Wish List	38	0	0	38
Parent Network	66	0	0	66
Physical Exam Fees	3,329	1,320	610	4,039
Physics Club	6,214	2,085	2,340	5,959
Project HERO	251	1,000	1,027	224
Room 409	2,250	0	0	2,250
Scholarships	0	24,950	24,950	0
Scholarships - David House	1,600	0	1,600	0
Shakespeare Club	5	0	0	5
Subtotal	\$43,631	\$87,577	\$75,799	\$55,409

## GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN

## TRUST AND AGENCY FUNDS

## SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2004

STUDENT GROUPS	DUE TO (FROM) STUDENT GROUPS		DUE TO (FROM) STUDENT GROUPS	
	JULY 1, 2003	RECEIPTS	DISBURSEMENTS	JUNE 30, 2004
Shop Class	\$668	\$143	\$0	\$811
Singers - HS	25	0	0	25
Ski Team Club	70	0	0	70
Snowboard Club	25	0	0	25
Soccer - Boys	2,276	3,393	4,749	920
Soccer - Girls	455	0	0	455
Soccer Boosters	728	6,379	6,946	161
Softball Club	319	5,811	4,654	1,476
Sound System - Football	0	2,900	0	2,900
Spanish Club	3,310	1,835	967	4,178
Special Education	131	0	0	131
Splash	100	0	0	100
Splish	244	0	0	244
Stratford Trip	3,683	7,229	8,297	2,615
Student Council - HS	3,412	17,558	16,625	4,345
Student Council - MS	119	4,336	4,454	1
Sunshine Club	56	300	109	247
Tennis Club	376	0	0	376
Theatre Arts	500	0	86	414
Top Ten - MS	200	0	200	0
Track - Boys	1,465	97	223	1,339
Track - Girls	539	523	799	263
Track - MS	332	300	280	352
Trust Account	535	0	0	535
Volleyball Tournament	87	0	0	87
Volleyball - MS	0	525	525	0
Volleyball Club	182	1,658	709	1,131
Weight Room	1,050	0	0	1,050
Wrestling Club	483	0	0	483
Year Book - HS	2,539	23,469	22,987	3,021
Year Book - MS	69	4,792	3,380	1,481
Subtotal	\$23,978	\$81,248	\$75,990	\$29,236
<u>Elementary Activity Accounts</u>				
Art	22	0	0	22
Ash Account	365	639	630	373
Bank Charges	(6)	0	0	(6)
Brow Account	187	538	499	226
Bruggeman	389	200	87	502
Cd & Tapes	31	0	0	31
Cherry Festival Float	37	310	343	4
Subtotal	\$1,025	\$1,687	\$1,560	\$1,152

## GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN

## TRUST AND AGENCY FUNDS

## SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2003

STUDENT GROUPS	DUE TO (FROM) STUDENT GROUPS		DUE TO (FROM) STUDENT GROUPS	
	JULY 1, 2003	RECEIPTS	DISBURSEMENTS	JUNE 30, 2004
<u>Elementary Activity Accounts (Continued)</u>				
Core	\$447	\$0	\$21	\$426
Drama	1,667	1,681	1,767	1,580
Elementary Office	1,698	6,058	5,303	2,453
Fifth Grade	3,159	29,171	29,999	2,331
Fifth Grade Basketball	0	116	48	67
Fifth Grade Stop	1	959	960	0
First Grade	4,266	0	0	4,266
Fourth Grade	6,778	4,426	3,951	7,253
Hobbins Account	173	0	0	173
Hollenbeck Account	22	0	0	22
J. Gretzmacher	32	1,098	966	163
J. Weckwert	0	0	0	0
Johnson	603	559	155	1,006
Jones	2	0	0	2
Library	663	6,835	6,625	873
Little Laker Festival	191	0	25	166
M. Schultz	53	539	469	123
Mark Mills	1,415	645	107	1,954
McNew Account	555	539	688	406
Odyssey of The Mind	752	4,333	3,174	1,911
P Deering	600	200	54	746
Pals Program	192	400	202	390
Pierce	788	795	694	888
Playground	671	0	0	671
Recorder	107	0	0	107
Resource Room	264	289	270	283
Ruman	5	1,270	1,261	13
S. McIntosh	0	0	0	0
S. Novik	141	201	125	217
Scanlon	45	0	0	45
Science Center	0	75	0	75
Secondary Middle	0	5,470	5,470	0
T. Lichty	266	1,308	484	1,090
Textbook	150	0	0	150
Third Grade	123	0	0	123
Thoreson	0	721	716	5
Total Elementary	<u>\$26,854</u>	<u>\$69,373</u>	<u>\$65,095</u>	<u>\$31,132</u>
<u>TOTAL STUDENT GROUPS</u>	<u>\$140,018</u>	<u>\$345,965</u>	<u>\$327,617</u>	<u>\$158,366</u>

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

1993 SCHOOL CAPITAL PROJECT AND REFUNDING BONDS

<u>PAYMENT DATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>INTEREST REQUIREMENT</u>
May 1, 2009	\$347,309	5.65	\$477,692
May 1, 2010	343,633	5.70	526,367
May 1, 2011	337,714	5.80	582,286
May 1, 2012	313,754	5.80	591,246
May 1, 2013	309,735	5.85	645,265
May 1, 2014	309,222	5.85	700,778
May 1, 2015	304,579	5.90	760,421
May 1, 2016	304,919	5.90	825,081
May 1, 2017	302,974	5.90	887,026
May 1, 2018	297,899	5.95	957,101
May 1, 2019	296,601	5.95	1,028,399
May 1, 2020	295,540	5.95	1,104,460
May 1, 2021	294,638	5.95	1,185,362
<u>TOTALS</u>	<u>\$4,058,517</u>		<u>\$10,271,484</u>

DATE OF ISSUE - November 24, 1998

Original amount of issue - \$73,789.00

2003 REFUNDING BONDS

<u>PAYMENT DATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>INTEREST REQUIREMENT</u>
May 1, 2005	\$515,000	2.00	\$52,975
May 1, 2006	550,000	2.00	42,675
May 1, 2007	585,000	2.50	31,675
May 1, 2008	620,000	2.75	17,050
<u>TOTALS</u>	<u>\$2,270,000</u>		<u>\$144,375</u>

DATE OF ISSUE - September 30, 2003

Original amount of issue - \$2,725,000

GLEN LAKE COMMUNITY SCHOOLS - MAPLE CITY, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

<u>1998 DURANT RESOLUTION PACKAGE BONDS</u>			
<u>PAYMENT DATE - MAY 15TH</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>INTEREST REQUIREMENT</u>
2005	\$0	4.761353%	\$0
2006	3,572	4.761353%	1,610
2007	3,741	4.761353%	1,440
2008	3,920	4.761353%	1,262
2009	4,107	4.761353%	1,075
2010	4,302	4.761353%	880
2011	17,833	4.761353%	6,619
2012	4,721	4.761353%	460
2013	4,946	4.761353%	235
<u>TOTAL</u>	<u>\$47,142</u>		<u>\$13,581</u>



*Lewis & Knopf, CPAs, P.C.*

"Serving You with Trust and Integrity"

July 20, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of  
Glen Lake Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Lake Community Schools, as of and for the year ended June 30, 2004, which collectively comprise the Glen Lake Community Schools' basic financial statements and have issued our report thereon dated July 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Glen Lake Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Glen Lake Community Schools, in a separate letter dated July 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Glen Lake Community Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Glen Lake Community Schools, in a separate letter dated July 20, 2004.

This report is intended solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lewis & Knopf, P.C.*

LEWIS & KNOPF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS